FAS REPORT

United States Department of Agriculture
Foreign Agricultural Service
Washington, D.C. 20250

WEEKLY ROUNDUP OF WORLD PRODUCTION AND TRADE WR 38-83

WASHINGTON, Sept. 21--The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade:

EC TRADE NOTES

The EUROPEAN COMMUNITY (EC) continues to rely on aggressive subsidized export programs to alleviate domestic supply pressures caused by prospects of a near-record wheat harvest and large carry-in stocks. Export commitments totaling 3.9 million tons through August are already nearly double the 2.1 million tons committed for the same period last year. Market pressure will likely remain strong in the Community to exceed last year's export volume, although present price relationships between wheat and feed grains are expected to stimulate additional wheat feeding which might alleviate some export pressure.

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For the second time in the past three weeks the EUROPEAN COMMUNITY has rejected all offers to export barley despite sharply lower export subsidy costs. Export authorizations through mid-September are only 360,000 tons, half of last year's level for the same time period. Traditionally self-sufficient in barley, the EC may have a production shortfall of as much as 6 million tons, which will necessitate imports and could curtail exports for the year. While the Community reportedly has already purchased 500,000 tons of malting barley from Australia and Canada, final import volumes will depend on the size of the barley harvest and the level of additional wheat used for feed.

GRAIN AND FEED

CANADA recently signed a long-term agreement to supply the GERMAN DEMOCRATIC REPUBLIC (GDR) with 3 million tons of grain, primarily feed barley and some durum, over the next three years. The agreement takes effect Jan. 1, 1984, and runs through December 1986. It includes two-year government guaranteed commercial credit. In addition, the newly signed trade agreement provides for most favored nation status on goods entering both countries. The Canadian--GDR grain agreement basically formalized this year's grain trade levels. In January 1983, the Canadians announced a million-ton grain sale to the GDR that included 750,000 tons of barley, 275,000 tons of feed wheat and 25,000 tons of durum. This sale was nearly double any previous Canadian export level to the GDR.

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The Minister of State for the CANADA's Wheat Board also announced that talks, which may lead to a two-year long-term agreement, have begun with ROMANIA. No details were discussed; however, the Canadians confirmed that they had recently sold Romania 70,000 tons of barley and 30,000 tons of rye.

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Total grain production in the UNITED KINGDOM in 1983/84 is estimated at 20.4 million tons, down 7 percent from last year's record outturn, according to the U.S. agricultural counselor in London. Winter and spring grains were affected by cool, wet spring weather followed by drought conditions during July and August. Wheat production is estimated at 10.0 million tons, down 3 percent from last year's record crop. Barley production is estimated at 9.8 million tons, a 10-percent decrease from the record 1982/83 crop. Barley yields were affected by the poor spring weather to a much greater extent than wheat. Other coarse grains, including rye and oats, are forecast at 600,000 tons, about the same as last year's production.

OILSEEDS AND PRODUCTS

BRAZIL has suspended new export sales of soybean oil indefinitely. Export sales of soybean meal have also been suspended temporarily. This new ruling applies only to old crop sales. Export sales of soybeans and products from Brazil's 1984 crop, with harvest beginning in February, will be allowed. Reportedly, all soybean export contracts have already been shipped and additional sales are not expected. The Brazilian action is not expected to have significant impact on the flow of soybean product exports in the coming weeks, but could conceivably reduce shipments later in the Brazilian marketing year, which ends in January.

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ARGENTINA's soybean and sunflower plantings for harvest in early 1984 are expected to expand to record levels as a result of current attractive world prices. Soybean and sunflower production in the coming year are projected to reach new levels of 4.7 million and 2.5 million tons, respectively. Substantial increases in exports can be expected; some of the increased soybean production will be exported as soybeans, but virtually all of the increase in sunflowerseed production will likely be marketed as products.

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INDIA has established an export quota on 110,000 tons of hand picked selected (HPS) peanuts (kernels) for 1983/84 (April-March). This is a 10,000-ton increase above the previous quota. Out of this total quota, private exporters get 87,000 tons and the balance is for National Agricultural Cooperative Marketing Federation (NAFED). India has not put on any restrictions regarding export price or country of destination. In view of an anticipated decline in peanut production in major exporting countries, including the United States, private traders are very optimistic about India's export prospects this year and are hopeful of realizing a higher unit value. They expect the Soviet Union to buy at least 30,000 tons of HPS during marketing year 1983/84.

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DAIRY, LIVESTOCK AND POULTRY

Milk production in the 36 SELECTED countries is expected to exceed 400 million tons in 1983, roughly 3 percent above 1982. Initial forecasts for 1984 indicate growth will be substantially less. With more milk, production of cheese, butter and nonfat dry milk, commodities with guaranteed prices in many countries, are expanding rapidly and likely will expand further in 1984.

Cow Numbers and Milk Production in Selected Regions

Country	--------Cow Numbers-----			--Milk Production--		
	1982	1983	1984	1982	1983	1984
	----Thousand Head-----			---Million Tons---		
United States	11,026	11,035	10,775	61.6	62.4	62.5
EC-10	25,136	25,465	25,460	108.2	112.0	113.1
Japan	1,082	1,096	1,100	6.8	7.0	7.2
USSR	43,700	43,700	44,000	90.1	95.0	97.0
Australia	1,810	1,810	1,820	5.4	5.7	5.8
New Zealand	1,976	2,005	2,035	6.8	6.8	6.8
Total of 36 countries	181,870	182,540	183,010	389.1	401.0	405.3

The sharp increase in 1983 milk production, up about 12 million tons, is largely due to developments in the USSR. A significant increase in productivity in the USSR, due to more favorable feed supplies, is expected to result in a 5-percent (4.9-million-ton) increase in milk output. Cow numbers in the USSR are expected to expand further providing the base for another production increase in 1984, if feed and forage supplies remain adequate.

EC milk production in 1983 is forecast at 112 million tons, nearly 4 million tons (3.5 percent) above 1982. Milk production was up sharply during the first part of 1983. However, a wet spring damaged pastures and the first forage cuttings, and a hot, dry summer in many areas retarded forage and pasture growth. Current conditions indicate that 1984 milk production will be up just over 1 percent in the EC. In Eastern Europe, very favorable spring growing conditions boosted production in that region, with Poland showing the largest increase.

U.S. milk production is expected to exceed 62 million tons in 1983, over 1 percent above 1982 even with lower returns per unit. With higher feed prices, U.S. milk production may grow very little during 1984. Canadian milk production is likely to decline about 2 percent in 1983 as producers react to a cut in the industrial milk quota.

The dairy industry in Australia appears to have come through the drought better than the other livestock sectors and increased milk production by nearly 4 percent in 1983. The dairy sector differs from other livestock sectors in that major production areas are outside the main drought areas and it has greater access to supplemental forage and feed supplies. Limited export prospects for butter and cheese are expected to keep New Zealand's 1984 milk production at the 6.8-million-ton level for the third year in a row.

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Butter production will be up nearly 8 percent in 1983 with most of the increase in the USSR and the EC. In the EC, butter production is up nearly 10 percent as dairies are having difficulty finding new markets for cheese. Increased supplies of milk have facilitated a more than 10-percent increase in Soviet butter production. Another production increase is expected in both regions during 1984. U.S. butter production is expected to increase 2 to 3 percent during 1983.

Production of Dairy Products in Selected Regions
(1,000 Metric Tons)

	--------Butter----			---------Cheese----			--Nonfat Dry Milk--		
Country	1982	1983	1984	1982	1983	1984	1982	1983	1984
United States	570	585	585	2,059	2,175	2,275	635	665	660
EC-10	2,052	2,250	2,276	3,559	3,585	3,620	2,335	2,608	2,647
Japan	64	74	75	17	20	22	131	160	165
USSR	1,392	1,550	1,625	699	740	760	386	400	410
Australia	76	86	89	148	153	150	82	91	90
New Zealand	248	245	250	111	112	95	200	150	170
Total 36 countries	6,339	6,826	6,937	8,742	8,919	9,101	4,688	5,040	5,123

Cheese production is expected to increase about 200,000 tons, reaching 8.9 million tons in 1983. Increased production in the United States is expected to account for over half the aggregate increase. Slow growth in export markets appears to be limiting 1983 growth in production in the EC and New Zealand.

Production of nonfat dry milk (NDM) in the EC is expected to increase about 12 percent in 1983 with much of the increase going into intervention stocks. U.S. production is expected to increase about 5 percent. In New Zealand, efforts to keep stocks of NDM at manageable levels resulted in a 25-percent decline in NDM production during 1983.

Casein production is expected to exceed 200,000 tons in both 1983 and 1984 as production rebounds in the EC and New Zealand. Aggregate production during 1982 is now reported at 166,000 tons.

SUGAR

WORLD honey production for 1983 is estimated at 902,200 tons, down slightly from the revised 908,800 tons harvested in 1982. Output increases in North America, Eastern Europe, the Middle East and the USSR are more than offset by declines elsewhere.

Production in North America is expected to increase more than 15 percent to 207,700 tons. Good summer weather in Canada's major producing provinces resulted in improved yields and increased output to 34,770 tons, up 14 percent from production in 1982. Excellent weather in the Yucatan spurred Mexico's 1983 production to a record 64,000 tons, sharply above the drought-reduced 45,000 tons in 1982. Production in the United States is expected to increase by 4 percent to nearly 108,900 tons due to good overwintering and early spring conditions more than offsetting the effects of the summer drought in the Corn Belt and the southeast.

Production of honey in the USSR increased slightly to an estimated 190,000 tons in 1983 due to favorable weather and improved disease control. In China, production is expected to decline to 100,000 tons, substantially below last year's 120,000 tons as heavy rains, low temperatures, and hail in south China damaged floral sources this spring.

The total number of apiarists and bee colonies in Japan continues to decline due to labor shortages and reduced floral sources. Honey production for 1983 is estimated at 6,500 tons, down significantly from the 1982 level. In Australia, an extended drought had little effect on honey production during 1982 when 21,000 tons were produced. Output for 1983 is expected to be marginally above average at 21,500 tons.

In Europe, French honey production is estimated at 18,500 tons in 1983, well below the 1982 record level of 22,000 tons. West Germany's production was reduced by heavy spring rains and summer drought, with production estimated at 15,000 tons, compared with 18,000 tons last year.

Honey production in South America is expected to decline with lower output in Brazil and Argentina. Disease problems in Argentina are expected to cut 1983 output to 28,000 tons from the 33,000 tons produced in 1982. In Brazil, production is estimated at 22,000 tons, down from 25,000 tons produced in 1982 due to heavy April and May rains in southern Brazil.

Selected International Prices

Item	Sept. 20, 1983		Change from previous week	A year ago
ROTTERDAM PRICES 1/	$ per MT	$ per bu.	$ per MT	$ per MT
Wheat:				
Canadian No. 1 CWRS-13.5%.	208.00	5.66	-5.00	N.Q.
U.S. No. 2 DNS/NS: 14%...	186.00	5.06	-2.50	173.50
U.S. No. 2 DHW/HW: 13.5%..	N.Q.	--	--	N.Q.
U.S. No. 2 S.R.W.........	161.75	4.40	-8.25	138.00
U.S. No. 3 H.A.D.........	214.00	5.82	+4.00	166.00
Canadian No. 1 A: Durum..	219.00	5.96	-10.00	180.00
Feed grains:				
U.S. No. 3 Yellow Corn....	162.50	4.13	-3.25	106.00
U.S. No. 2 Sorghum 2/.....	N.Q.	--	--	N.Q.
Feed Barley 3/...........	N.Q.	--	--	N.Q.
Soybeans and meal:				
U.S. No. 2 Yellow........	337.75	9.19	-26.25	216.50
Brazil 47/48% SoyaPellets 4/	287.75	--	-16.25	202.50
U.S. 44% Soybean Meal.....	267.50	--	-21.00	198.00
U.S. FARM PRICES 5/				
Wheat....................	130.07	3.54	-1.11	126.03
Barley...................	95.06	2.07	+.46	64.30
Corn.....................	127.95	3.25	-5.51	89.37
Sorghum..................	113.54	5.15 6/	-1.54	81.35
Broilers 7/..............	1155.43	--	-136.69	N.A.
EC IMPORT LEVIES				
Wheat 8/................	74.95	2.04	+9.15	108.13
Barley...................	44.10	.96	+.90	98.33
Corn.....................	38.30	.97	+4.45	105.43
Sorghum..................	44.30	1.13	-.15	96.42
Broilers 9/..............	267.00	--	-2.00*	298.00
EC INTERVENTION PRICES 11/				
Common wheat(feed quality)	163.90	4.46	+2.60	173.10
Bread wheat (min. quality)	180.25	4.90	+2.50	191.35
Barley and all other feed grains.......	163.90	--	+2.60	173.10
Broilers 11/.............	1062.00	--	+4.00	N.A.
EC EXPORT RESTITUTIONS (subsidies)				
Wheat 12/................	36.85	1.00	+4.60	71.40
Wheat flour..............	N.Q.	N.Q.	N.Q.	N.Q.
Barley...................	N.A.	N.A.	--	63.00
Broilers 9/..............	192.00	--	-1.00*	193.00
Sugar, refined	N.Q.	N.Q.	N.Q.	N.Q.

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Optional delivery: Argentine Granifero sorghum. 3/ Optional delivery: Canadian feed barley. 4/ Optional delivery: Argentine. 5/ Based on selected major markets and adjusted to reflect farm prices more closely. 6/ Hundredweight (CWT). 7/ Twelve-city average, wholesale weighted average. 8/ Durum has a special levy. 9/ EC category--70 percent whole chicken. 10/ Reflects exchange rate change and not level set by EC. 11/ F.o.b. price for R.T.C. broilers at West German border. 12/ Corrective amount Aug. 3, Sept. -3, Oct. -5, Nov. -8, and Dec. -10. N.Q.=Not quoted. N.A.=None authorized. Note: Basis October delivery. *Reflects currency fluctuation and not change in level set by EC.

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